GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:731
ANSWERED ON:27.07.2000
EXTENTION OF COUNTER GUARANTEE ON REVISED PROCEDURE
PUTTASWAMY GOWDA;UTTAMRAO NATHUJI DHIKALE

Will the Minister of POWER be pleased to state:

(a) the details of companies and corporations in the power sector who have been extended counter guarantee by the Union Government during the last two years;

(b) whether the counter guarantee in some cases have been extended on revised procedure;

(c) if so, the reasons thereof;

(d) the details of companies who have been denied counter guarantee on revised procedure; and

(e) the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c): Counter guarantee of the Government of India,through the revised procedure, has been issued in August, 1998 in the case of the Visakhapatnam Thermal Power Project (1040 MW)of M/s Hinduja National Power Company Limited(HNPCL)in Andhra Pradesh, Bhadravati Thermal Power Project(1082 MW)of M/s Central India Power Company (CIPCO) in Maharashtra and the 250 MW single unit lignite based Neyveli Thermal Power Projectof M/s ST-CMS Electric Company in Tamil Nadu. The revised procedure was adopted as the earlier procedure for issue of counter guarantee was found to be resulting in interminable delays that had financial and cost implications. The revised procedure has the following advantages:

(i) it reduces the return on capital and thus the resultant tariff.

(ii) it puts competitive pressure on the private power project`s capital cost.

(iii) it eliminates the annual energy charge exposure of the Government of India in the Counter Guarantee.

(iv) it allows the State Government to finalise a better capital cost after the counter guarantee.

(d) & (e): Of the eight private power generation projects involving foreign direct investment which were chosen for extension of counter guarantee of Government of India in 1994, Counter guarantee of Government of India has beenextended to Jegurupadu Combined Cycle Gas Turbine (216 MW) ofM/s. GVK Industries Limited, Ib Valley Thermal Power Project (500 MW)of Ib Valley Power Private Limited and Dabhol CombinedCycle Gas Turbine(phase-I) (740 MW) of M/s. Dabhol Power Company underthe pre-revised procedure. M/s. Spectrum PowerGeneration Limited withdrew their request for counter guarantee for their 208 MW Godavari Combined Cycle Gas Turbine in Andhra Pradesh.The Ib Valley Project was re-negotiated by the Government of Orissa before construction could commence and, therefore, techno-economic clearance was issued afresh to this project on 26.2.1999. Issue of Counter Guarantee ofGovernment of India under the revised procedure was approved in the case of the Mangalore Thermal Power Project of M/s. Mangalore PowerCompany, on 22.12.1999. As such, none of the eight projects selected have been denied counter guarantee either on the earlier procedure or on the revised procedure.